

# Lever your logic



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## Summary

Why is it increasingly difficult to realize ambitious goals for more efficient operations, lower cost of ownership and greater agility in a sustainable way? Organizations are becoming more and more paralyzed by the fact that they don't have sufficient grip on their logic. Thereby is logic by far the number one consumer of management attention and premier candidate for result leverage. Levering logic requires an enterprise platform that is driven by your business logic.

## The blind spot

Many organizations are working on their business outlook for the coming years. They are facing a degree of uncertainty of which the impact seems to accumulate year after year. The result is that *prudence rules*, leading to an ubiquitous focus on efficient operations, lower cost of ownership and a growing awareness that a design for more agility is needed. However, experience from previous years shows that it is very hard to achieve such ambitious goals.

Facing this challenge requires a deep insight of what really drives your organization, what enables it to fulfill its essence and realize the envisioned substance in a sustainable way. *Essence* is the reason to be and the meaning of your organization; *substance* is the way in which you are really valuable to your customers. An obvious conclusion would be that the harmonious and well-balanced combination of culture and structure drives your organization. Indeed, this duo enables aligning corporate strategy and culture and leveraging the combined strength of the formal and informal organization. It is the foundation on which successful transformation plans are based.

There is however another aspect that needs to be mastered as well to bridge the gap between strategy and execution. It is an aspect that tends to be completely overlooked in strategy and transformation plans. It is the role *logic* plays in your operations. Logic includes all the business constructs, context rules, procedures and legal regulations that govern your operations. Every *decision* that is taken within your organization is based on logic. Even if some decisions are based on a combination of ratio and emotion, they will be justified by logic.

This blind spot acts as a black hole that gradually absorbs all your efforts to make and keep your organization fit for the

future. It directly affects your operations like in the ways in which you can become customer sensitive without suffering from exceptions all the way. It affects the number of processes, your straight-through processing rate and quality process output. It also affects your total cost of ownership, resulting in a disproportion between IT-cost and the added value that your IT delivers. Finally, it hampers your agility because changing logic is costly and time consuming. If your business operations are not built for change, you are in deep trouble since changes in situations and regulations are here to stay.

## Logic is the fuel

Logic is in fact the fuel that drives your business. Logic is embedded in your system and software configurations, in your processes and operating procedures, in all your communications and formal conditions. Logic is also by far the number one consumer of management attention.

Ask yourself these questions:

- Have you ever wondered how much money you spend on the care (maintenance) and cure (defect handling) of logic?
- Do you know how many distractions in your operations are caused by defects in applied logic?
- Do you actually know where all your business logic is situated, who owns the various parts of it and how long it takes to realize a change?
- Are you aware of which parts of your business operating environment execute which logic?
- And last but not least: Are you right now really in control of your logic?

The role of logic is becoming even more crucial since we are living in an economy that is predominantly based on services. Services are characterized by *interactions* and *interpretations*. Both are extreme knowledge intensive and context sensitive. Compared to standard raw-material-to-product transformations in the industrial era have interactions and interpretations a strong multiplier effect on the number of possible variations and decisions. Service interactions lead also to a myriad of unique cases that has to be dealt with.

Add to this the dynamics of continuously changing situations and regulations and it becomes obvious that logic needs to be a part of your strategy-to-action approach. It probably also

becomes obvious that your business operating environment needs an update and thorough overhaul to cope with logic.

## Diaspora and disguise prevail

Most organizations are becoming more and more paralyzed by the fact that they don't have sufficient grip on their business operating system. In fact, they often even don't realize that they have business operating system that is driven by logic. They focus primarily on data and technology without noticing that logic needs to be treated as a unique separate entity. Their logic lives in an organizational diaspora, is locked in silo cells, fragmented, redundant, partly outdated, inconsistent, incompatible and extreme hard to manage. The same characteristics apply to the system environment that has to execute the logic. That environment consists of a plethora of engines, applications, routines, interfaces, functions, reasoners and standard components that independently execute parts of the logic in a complex constellation of connected systems and infrastructure. Most organizations have in fact a business operating system in disguise.

Attempts to simplify this environment by buying commercial-off-the-shelf applications and installing best of breed combinations fail because they do not take the crucial role of logic and its adhered dynamics into account. Other attempts to streamline operations, cut costs and strive for more agility fail also for the same reason.

Let's take for example the situation of a number of organizations that has grown through international acquisition. They have to deal with core transaction processes that now span multiple systems, organization boundaries, regulatory jurisdictions, geographic regions and languages. These are all things that make for complication, and really are exceeding the capabilities of the methodologies, tools, and infrastructures these organizations have to deal with. Managing "business logic" is limited to aspects like putting processes in swim-lanes and - sometimes - managing rule sets. The focus is not on managing decisions, goal attainment and business values. They lose grip and settle for suboptimal compromises that nurture organizational paralysis.

## Let logic drive your Business Operating System

The number one question in putting strategy into execution is how to get and keep grip on logic in a complex and dynamic

environment in which change and uncertainty prevail. The follow-up question is how to lever your logic. Both endeavors are only feasible if logic is set free from its silo cells and if the existing business operating system is transformed from a system in disguise into a transparent, cohesive and manageable carrier for execution.

You need in fact a business operating platform that is driven by logic. This is a platform that acts like an operating system, that can handle all sorts of applications and supports all sorts of processes. Driven by logic means that the platform is able to execute logic instantly. The functions that it will perform are dependent on the business and operating model, the applied logic, the actual context and the events that evolve. A mature business operating platform will execute steps automatically or ask for human interpretation and action based on the situation at hand. It makes it possible to treat every case as a unique case and finds always, based on its logic, the shortest route to reach a decision. It can log the actions that are performed and provide information about the rules that are applied in executing the action. Such a platform revolutionizes for instance the way a government handles permits, levies and benefits or the way how financial and administrative health care services are provided.

### Embed semantics to reap the full profit

A mature business operating system is aware of the importance of *semantics* in applying logic. Dealing with interactions and interpretations implies dealing with semantics. Traditional rule based management systems or business process platforms for instance fail short in this respect. Ontology based systems deliver better results as a Forrester paper illustrates<sup>1</sup>. Proper use of semantics enables distilling the right meaning in the right context. Think for instance at the way how the same notion is used in various legislations with a different meaning. Embedding semantics helps closing the gap between company and customer speak and the gap between tailor made support for experts and beginners. Think for example at the way how immigrants and immigration officers can be guided in using constantly changing rules and meanings in the immigration process. A business operating platform can only support effortless action if semantic ambiguity is taken care off in the logic layer. In selecting or updating a business operating platform that is driven by logic you should therefore focus on model driven platforms that are ontology based. These provide the best guarantee for instantly executing logic and applying

semantics. As an extra benefit they also provide functionality for aspects like simulating changes and performing impact analytics before implementing changes in the production environment.

## Business in control

It goes without saying that your business logic has to be treated as a *valuable asset* that is managed by the business itself. After all, the business is accountable for decisions and dynamics regarding products, services, processes, rules, customer interactions and targeted outcomes. The business should therefore be in control of the applied logic. The IT-department is naturally responsible for a reliable well-managed platform and for connectivity with other digital networks to execute the logic and amplify its effect in the value chain. Managing this environment becomes easier and much cheaper because the logic is managed separately and the business operating platform is able to handle changes in logic almost effortless. Changing product or legal rules for instance does not require waiting for new software releases anymore. This leads to significantly enhanced agility.

*End-to-end management* of logic becomes a regular task. External events, customer feedback and employee feedback lead to a collaborative process of *continuous improvement*. How you manage the logic that formalizes the essence and substance of your organization depends on the complexity of your environment. In large organizations a multi-tenancy approach is the best way to go. You can manage your logic as a coherent set, making some parts of the organization responsible for the generic logic and other parts for specific domains. Think for instance at the management of pre- and post-conditions of activities, of taxonomies, risk profiles or life events. This enables maximum re-use of valuable logic and supports comprehensive lifecycle management. Be aware that in defining the logic, the balance between what can be handled by straight through processing and what needs to be handled by human interpretation will shift over time. Routine activities can be processed automatically leaving more challenging aspects for a flexible pool of skilled multifunctional employees to handle.

## Impressive impact

Getting grip on logic and updating your business operating platform is the way to go to achieve efficient operations,

lower cost of ownership and agility in a sustainable way. It is the lever for success. The results are impressive. First indications mention 30% reduction in cost of operations, 60% reduction in total cost of ownership and 90 % reduction in time to change<sup>ii</sup>. It does not only bridge the gap between strategy and execution, but offers extra benefits too. It supports for instance the previous mentioned balance between structure and culture, enables you to transcend traditional command-and-control hierarchies and acts as a catalyst for intrinsic employee motivation factors like autonomy, mastery and purpose.

So if you want to realize your goals for more efficient operations, lower cost of ownership and greater agility in a sustainable way, you should consider to focus on leveraging logic and updating your operating system.



## About the author



As an innovative thought leader, business developer and consultant Thei Geurts creates solutions that make information better accessible and usable. With a background in the library and information sciences Thei became the youngest library director in the Netherlands. Thereafter he initiated and launched new information products and services as a director of innovation and information services at the national level. From there Thei moved to the publishing sector in which he focused on innovation of content management and publishing public sector information. After a career as principal consultant in the IT-sector, dedicated to elevate the support for knowledge workers and their workplace in the public sector and industry, Thei joined Be Informed. For Be Informed, an internationally operating, independent business process platform software vendor, Thei has created a workplace for policy makers to support policy making in the 21st century. He is also the author of “Public Policy Making: The 21st Century Perspective”<sup>iii</sup> and other publications on knowledge productivity and embracing complexity.

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<sup>i</sup> [beinformed.com/BeInformed/website/en/EN/ForresterReport](https://beinformed.com/BeInformed/website/en/EN/ForresterReport)

<sup>ii</sup> [beinformed.com/BeInformed/website/en/EN/Benefits](https://beinformed.com/BeInformed/website/en/EN/Benefits)

<sup>iii</sup> [lulu.com/product/pocketboek/public-policy-making/16256978](https://lulu.com/product/pocketboek/public-policy-making/16256978)